

Message Text

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43

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

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E.O. 11652: N/A

TAGS: EFIN KU US

SUBJ: KFTCIC INTEREST IN VISITING IN U.S.

REF: KUWAIT 3573

1. EMBOFF DISCUSSED KFTCIC INTEREST IN INVESTING IN USG WITH NEW MANAGER, CHRISTOPHER ARNANDER. HE PROVIDED ADDITIONAL DETAILS RE COMPANY'S PLANS TO INVEST IN US REAL ESTATE. HE SAID KFTCIC HAS ASKED CHASE MANHATTEN BANK AND A.G. BECKER, CHICAGO INVESTMENT BANK, FOR THEIR VIEWS. ARANDER INDICATED THAT FOR TIME BEING HE PREFERS LIMIT THOSE WHO ARE AWARE OF KFTCIC'S PLANS TO THESE TWO INSTITUTIONS AND USG. HE THEREFORE HAS ASKED THAT COMPANY'S PLANS INVEST IN AMERICAN REAL ESTATE BE HANDLED DISCREETLY.

2. ARNANDER EXPLAINED THAT RECENTLY COMPANY HAS BEEN APPROACHED ON TWO SEPARATE OCCASIONS RE REAL ESTATE INVESTMENT OPPORTUNITIES IN US BUT COMPANY DID NOT HAVE SUFFICIENT KNOWLEDGE ABOUT REAL ESTATE INDUSTRY TO BE ABLE TO REACT IN A TIMELY FASHION. HE WOULD LIKE TO KNOW HOW INDUSTRY IS ORGANIZED. HE WOULD ALSO LIKE TO HAVE INFORMATION ON YIELDS ON COMPLETED PROPERTIES OF DIFFERENT TYPES IN DIFFERENT PARTS OF COUNTRY AS WELL AS INFORMATION ON YIELDS ON DEVELOPMENT PROPERTY.

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3. ARNANDER SAID THAT APPROXIMATELY KD 7 MILLION (KD 1 EQUALS

\$3.38) IS TO BE ADDED TO CAPITALIZATION OF KFTCIC BEFORE END OF YEAR. HE INDICATED THAT KF 7 MILLION DOES NOT NECESSARILY REPRESENT AMOUNT KFTCIC IS PREPARED TO INVEST IN US BECAUSE THEY HOPE TO BRING OTHER KUWAITI INVESTORS ALONG WITH THEM. THIS SUGGESTS THAT KFTCIC'S INVESTMENT IN US MAY VERY WELL BE PART OF A LARGER MOVEMENT OF KUWAIT INVESTMENT FUNDS INTO UNITED STATES REAL ESTATE MARKET. FYI ACCORDING TO ARNANDER KFTCIC PRESENTLY HAS ABOUT 100 MILLION DOLLARS IN ASSETS, ALMOST ALL OF WHICH IS OUTSIDE KUWAIT AND APPROXIMATELY 30 PERCENT OF WHICH IS IN EURODOLLARS END FYI.

4. COMMENT: ARNANDER'S REMARKS INDICATE THAT KFTCIC VERY SERIOUSLY INTERESTED IN MAKING MAJOR INVESTMENTS IN US AND THAT MORE INVESTORS MAY BE INVOLVED THAN ONE COMPANY. WISH TO STRESS POINT MADE PARA 4 REFTEL THAT WE BELIEVE THIS SIGNIFICANT DEVELOPMENT, PARTICULARLY SINCE THE GOK OWNS ALMOST ALL OF KFTCIC, AND URGE DEPARTMENT TO BE AS FORTHCOMING AS POSSIBLE IN PROVIDING INFORMATION TO BE PASSED ON TO KFTCIC, INCLUDING NAMES OF APPROPRIATE OFFICIALS COMPANY REPRESENTATIVES SHOULD SEE DURING ANY VISIT TO THE US.
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